GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Consolidated Sinking Fund – Revised Scheme of Consolidated Sinking Fund – Orders – Issued.

Finance (C&DM) Department

G.O.Ms.No.42 Dated: 07-05-2024

Read the following:

1. G.O. Ms. No. 24 Finance (W&M) department, Dt. 23.01.2008
2. IDMD.No. S2256/10.18.013/2023-24, dtd: 28.12.2023 received from RBI.

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In the reference 2nd read above, the Director, Internal Debt Management Department, RBI has requested to issue a revised Notification of Consolidated sinking Fund.

2. Government after careful consideration of the matter, decided to accept the request of the Reserve bank of India and here by ordered the revised scheme of Consolidated Sinking Fund in supersession of orders issued in the ref. 1st read above.

Revised Scheme for Constitution and Administration of the Consolidated Sinking Fund of Government of Andhra Pradesh

Title of the Scheme	1	The Scheme shall be called 'Consolidated Sinking Fund (hereinafter referred to as 'the Fund') Scheme' of the Government of **Andhra Pradesh** (hereinafter referred to as 'the Government').
Constitution of the Fund	2	The Fund will be constituted by the Government of **Andhra Pradesh** for redeeming its outstanding liabilities.
Objective of the Scheme	3	The Fund is to be utilised as an Amortisation Fund for redemption of the outstanding liabilities of the Government commencing from the financial year 2024-25.
Commencement of the Operation of the Scheme	4	The Fund shall come into force with effect from the date of the notification. The Operation of the Scheme is as under: (a) The Fund shall substitute the existing fund mentioned under the extant CSF scheme adopted by the Government.

(b) The outstanding balances of the existing fund under the extant CSF Scheme as at end - March 2024 shall be transferred to the Fund.

(c) 50 per cent of the outstanding corpus held in the CSF as on March 31 of the second preceding financial year, or the amount of redemption falling due during the financial year (April – March), whichever is less, should be reckoned for arriving at the maximum eligible limit for withdrawal from the CSF during the year.

(d) The Fund shall not be utilised for any purpose other than redemption of the outstanding liabilities of the Government.

(e) The State Government can avail of short-term accommodation under Special Drawing Facility (SDF) from Reserve Bank of India (hereinafter referred to as 'the Bank') against the collateral of investment made in CSF for meeting temporary cashflow mismatches, subject to the terms and conditions as fixed by the Bank from time to time.

(f) The outstanding liabilities is defined to comprise both internal debt and public account liabilities of the Government.

Contributions to the Fund	5	The Government should make conscious efforts towards building up the CSF corpus to five per cent of the outstanding liabilities within a span of five years. There is no ceiling on such contributions to the Fund in terms of number of times of making contributions in a year. It is open to the Government to invest in the Fund from the General Revenue at any time or from other sources such as disinvestment proceeds, at its discretion. The Government shall not fund its contribution to the Fund out of borrowings from the Reserve Bank.
Relationship of the Fund with General Revenues	6	The corpus of the Fund comprising the periodic contributions as well as the income accruing to the Fund shall be kept outside the General Revenue of the Government. The Fund shall be utilized in the manner prescribed in this Scheme.
Administration of the Fund	7	The Fund shall be administered by Central Accounts Section of the Bank at Nagpur, (subject to such directions / instructions as the Government may issue from time to time).

Investment of the corpus of the Fund	8	The accretions to the Fund shall be invested in Government of India (GoI) dated Securities, Special Securities of GoI, Treasury Bills and State Government securities of other States of such maturities as the Bank may determine from time to time in consultation with the Government. **Explanation** (a) The accretions to the Fund shall include the periodic contributions and the income accruing to the Fund from investment thereof. (b) The Bank will make available the securities for investment by acquiring the securities from the secondary market, without loading any charge other than that indicated in paragraph 10.
Account Transactions	9	(a) The Bank would arrange to raise a debit to the account of the Government maintained with it as per the advice of the Government. (b) The contributions to the Fund shall be invested by the Bank in Government Securities as indicated in paragraph 8 in multiples of Rs.10,000/-. (c) The periodic accretion to the Fund by way of interest income shall be reinvested by the Bank in a similar manner, in multiples of Rs.10,000/-. (d) The investments held in the Fund and maturing during currency of the scheme shall be reinvested in accordance with paragraph 8. (e) No withdrawals will be allowed from the Fund until completion of five years from the date of constitution of the fund. **Explanation** (a) Withdrawals may be allowed starting from the next financial year on completion of five years from the date of constitution of the fund. (b) The debit to Government on account of the periodic installments will be accounted under the major head **2048 (major head - APPROPRIATION FOR REDUCTION OR AVOIDANCE OF DEBT**). On the maturity of the loan, the balance outstanding under the head S.H **05 (Contribution for reduction of the outstanding liabilities**) will be credited to the head 8222 (major head

- **Sinking Funds**), 01 (**Appropriation for Reduction or Avoidance of Debt**), M.H 101 (sinking funds) Ledger Balance Adjustment Account.

(c) The Bank shall scroll to the Government the debit on account of investment less the incidental charges in the usual course. However, in order to ensure that the investment transactions of the Fund do not get mixed up with other transactions, these will be indicated distinctly in separate scrolls.

(d) The Bank shall arrange to collect interest on the investments and credit the same to the Fund on the due dates.

(e) On the maturity of the securities, the Bank shall arrange to redeem the securities. In case of premature disinvestment to meet the liability on account of the claims to be paid, the Bank will decide on the securities to be liquidated and sell the securities at the ruling price and credit the amount realised, less incidental charges, to the Fund. If these securities are in loss, Bank may in consultation with the Government decide on the securities to be liquidated. As in the case of debit scrolls, the Bank shall use separate scrolls for the receipts.

(f) The provision for expenditure on account of the periodic contributions shall be made in the Budget of the Government under the relevant head. The extent of expenditure to be financed from the Fund shall be withdrawn from the Fund by the disposal of the investment.

(g) The Bank shall open a Current Account and Subsidiary General Ledger Account in the name of the Fund and furnish to the Government as at the end of September and March each year, a statement showing the details of investments.

Service charges for administration of the Fund

10 The Government shall pay to the Bank a commission at the rate of 1/8 per cent of one per cent on the turnover of the Fund or at the rate to be mutually decided from time to time.

Accounts and Audit

11 The accounts of the Fund and the investments shall be maintained by the Accountant General of the State in the normal course. The Bank will maintain subsidiary accounts in such manner and details as may be considered by the Government in consultation with the Accountant General.

Savings	12	The Government shall issue instructions relating to the provisions of the Scheme as may be considered from time to time to enable smooth functioning of the scheme. In case of any difficulty in the operation of any provision of Scheme, the Government may, if satisfied, relax the provisions.

(BY ORDER AND IN THE NAME OF GOVERNOR OF ANDHRA PRADESH)

SHAMSHER SINGH RAWAT
SPECIAL CHIEF SECRETARY TO GOVERNMENT

To
The Accountant general (A&E), A.P., Vijayawada.
The Director of treasuries and Accounts, A.P., Mangalagiri.
Copy to:
The Reserve bank of India, Internal Debt management Cell, Mumbai
The Reserve bank of India, central Accounts Section, Nagpur.
The Reserve bank of India, Saifabad, Hyderabad.
SF/SC

//FORWARDED::BY ORDER//

SECTION OFFICER